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UNCLAS ROME 006012

SIPDIS

L/PIL FOR HAL BURMAN AND JEFF KOVARS; IO/EDA
IO/S FOR LISA JACOBSON

FROM FODAG

E.O. 12958: N/A

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SUBJECT: REPORT OF UNIDROIT 56TH GENERAL ASSEMBLY

REFTEL: ROME 5491

1. SUMMARY. THE INTERNATIONAL INSTITUTE FOR THE
UNIFICATION OF INTERNATIONAL PRIVATE LAW (UNIDROIT) 56TH
GENERAL ASSEMBLY MEETING DECEMBER 6, 2002 AND APPROVED A
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BUDGET FOR ORDINARY EXPENDITURE OF EURO 1,802,550.00 FOR
2003. THE U.S. SHARE IS EURO 110,000.00. THE ASSEMBLY
ALSO HEARD AN UPDATE ON EC MEMBERSHIP IN UNIDROIT AND A
REPORT FROM THE REPRESENTATIVE OF ITALY CONCERNING
ITALY'S REDUCTION IN FUNDING FOR UNIDROIT. END SUMMARY.

2. THE 56TH SESSION OF THE UNIDROIT GENERAL ASSEMBLY MET
DECEMBER 6, 2002 IN ROME. AUSTRALIAN AMBASSADOR MURRAY
COBAIN WAS ELECTED CHAIRMAN OF THE ASSEMBLY. UNIDROIT
SECRETARY GENERAL HERBERT KRONKE PROVIDED UPDATES ON

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UNIDROIT PROJECTS IN THE AREAS OF PRINCIPLES OF
INTERNATIONAL COMMERCIAL CONTRACTS, TRANSNATIONAL CIVIL
PROCEDURES, MODEL LAW ON DISCLOSURE AND FRANCHISING AND
TAKING OF SECURITIES AND SECURITIZATION. HE WELCOMED THE
RECENT SECONDMENT OF A NEW STAFF MEMBER (FUNDED BY THE
GERMAN BANKING FEDERATION) TO WORK ON THE CAPITAL MARKETS
PROJECT. KRONKE NOTED THAT WORK ON THE SECOND AND THIRD
PROTOCOL TO THE RECENTLY AGREED CONVENTION ON MOBILE
ASSETS WAS ADVANCING. HE ALSO EXPLAINED THE (HERETO
UNMET) STAFFING AND RESOURCE IMPLICATIONS OF UNIDROIT'S
NEW OBLIGATIONS AS THE DEPOSITARY TO THE RECENTLY
APPROVED CAPETOWN CONVENTION AND AIRCRAFT PROTOCOL.

3. AT THE REQUEST OF THE U.S. DELEGATE, KRONKE UPDATED
MEMBERS ON THE QUESTION OF EC MEMBERSHIP IN THE
COMMISSION. HE NOTED THAT SINCE EC ACCESSION TO THE
HAGUE CONFERENCES WAS "IN THE WORKS," HE EXPECTED EC
ACCESSION TO UNIDROIT TO BE "CONCLUDED UNDER THE ITALIAN
PRESIDENCY."

4. THE ASSEMBLY APPROVED THE FINAL ADJUSTMENTS TO THE
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BUDGET AND APPROVAL OF THE ACCOUNTS FOR THE 2001 FINANCE
YEAR, AND ADJUSTMENTS TO THE BUDGET FOR THE 2002
FINANCIAL YEAR. THE ASSEMBLY TOOK NOTE OF THE ARREARS IN
CONTRIBUTIONS OF MEMBER STATES, AND A PROGRESS REPORT ON
THE PROPOSAL TO PROJECT THE INSTITUTE'S FINANCIAL NEEDS
ON A THREE-YEAR BASIS AND PROPOSAL TO MODIFY THE SYSTEM
OF DETERMINING THE CONTRIBUTION OF THE ITALIAN
GOVERNMENT.

5. THE ITALIAN DELEGATE STATED THAT THE RECENT
ANNOUNCEMENT THAT THE GOVERNMENT OF ITALY WOULD LOWER ITS
PAYMENT TO UNIDROIT WAS A RESULT OF THE FACT THAT
UNIDROIT HAD HISTORICALLY BEEN "INCORRECTLY CLASSIFIED"
AS A NATIONAL INSTITUTE (RATHER THAN AN INTERNATIONAL
ORGANIZATION). IN THE PAST THIS HAD BEEN EFFECTIVE IN
FACILITATING PAYMENT; NOW IT WAS AN ALBATROSS, AS THE
GOVERNMENT'S AUSTERITY PACKAGE COVERED ALL DOMESTIC
ORGANIZATIONS. THE DELEGATE SAID THAT EFFORTS WERE BEING
MADE TO CORRECT THE CLASSIFICATION. U.S.DEL EXPRESSED
GRATITUDE FOR THE SUPPORT OF THE ITALIAN GOVERNMENT AND
UNDERLINED THE IMPORTANCE OF ITALY MOVING TO A MORE
PREDICTABLE SYSTEM OF CONTRIBUTIONS FOR UNIDROIT.

6. THE ASSEMBLY AGREED TO AN ORDINARY BUDGET OF EURO
1,802,550.00 FOR 2003. THE U.S. SHARE IS EURO 110,000.00
IT WAS AGREED THAT EURO 10,500 WOULD BE ALLOCATED TO
CHAPTER 11 (PROGRAM OF LEGAL ASSISTANCE TO DEVELOPING
COUNTRIES) FROM SAVINGS FOUND ELSEWHERE IN THE BUDGET IN
VIEW OF THE IMPORTANCE THAT MANY MEMBERS ATTACHED TO THE
PROGRAM. THE FINANCE COMMITTEE SUB-COMMITTEE (U.S. IS A
MEMBER) WILL MET IN LATE FEBRUARY-EARLY MARCH 2003 TO
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DISCUSS THE CURRENT IMPLICATIONS OF THE 42ND GENERAL
ASSEMBLY'S DECISION (1989) THAT 1 PERCENT OF COUNTRY'S
CONTRIBUTIONS (EXCEPT FOR ITALY) BE PROVIDED TO CHAPTER

11. HALL

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